

STATE OF WASHINGTON



OFFICE OF  
INSURANCE COMMISSIONER

In the Matter of Northern Assurance )	
Company of America )	No. D 02-229
An Authorized Insurer )	Consent Order
)	Imposing a Fine
)	
)	
)	

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FINDINGS OF FACT:

1. Northern Assurance Company of America ("Northern") is authorized to write property and casualty insurance in Washington state.
2. On June 22, 2001, the Office of the Insurance Commissioner ("OIC") received a commercial auto rate filing from the OneBeacon Insurance Group, which includes Northern. This filing requested a 5% increase. OIC actuarial analyst Eric Slavich disapproved this filing in a September 5, 2001 letter. In that letter, Mr. Slavich set a disapproval date ( the date on which the disapproval would become effective ) of December 4, 2001. When he had received no response by that disapproval date, he closed out this filing on March 15, 2002.
3. On July 11, 2002, the OIC received a second commercial auto filing from the OneBeacon Insurance Group, including Northern. This time Mr. Slavich approved it, because the Group had done a better job of substantiating the requested rate increase. The effective approval date was retroactive 30 days, to June 11, 2002. However, 363 policies were issued at the new rates between December 4, 2001 ( the effective disapproval date ) and June 11, 2002 ( the effective approval date)

CONCLUSIONS OF LAW:

1. The issuance of 363 policies at the new rates between December 4, 2001 and June 11, 2002 comprised 363 violations of RCW 48.19.040(6).
2. In addition, there were also 246 OneBeacon Group policies in effect on December 4, 2001, at the new rates. When the Group companies ( including Northern ) did not change those rates mid-term, this comprised 246 violations of RCW 48.19.043(4). That statute provides that "Upon final determination of a disapproval of a

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rate...the insurer shall issue an endorsement changing the rate to comply with the commissioner's disapproval from the date the rate is no longer effective".

CONSENT TO ORDER:

Northern Assurance Company stipulates to the foregoing Findings of Fact and Conclusions of Law and consents to this order, which imposes a fine of \$2500 ( Two Thousand Five Hundred Dollars and no/100 ) in lieu of proceedings against its certificate of authority in Washington state. This fine will be paid in full within thirty days of the entry of this order. Failure to pay the fine will constitute grounds for revocation of the insurer's certificate of authority. It will also result in a civil lawsuit being brought by the Washington state Attorney General on behalf of the Insurance Commissioner.

Northern Assurance Company acknowledges its duty to comply with all the insurance laws and regulations of Washington state.

Executed this 20<sup>th</sup> day of December, 2002, by:

NORTHERN ASSURANCE COMPANY

By: \_\_\_\_\_

Printed Name: \_\_\_\_\_

Printed Corporate Title: \_\_\_\_\_

ORDER:

Pursuant to RCW 48.05.185, the Insurance Commissioner imposes a fine of \$2500 ( Two Thousand Five Hundred Dollars and no/100 ) upon Northern Assurance Company, in lieu of proceedings against the insurer's certificate of authority in this State. The fine is to be paid in full not later than thirty days from the entry of this order. Failure to pay the fine timely and in full will constitute grounds for revocation of the certificate of authority held by the insurer in this state. It will also result in a civil suit brought by the Washington Attorney General on behalf of the Insurance Commissioner.

ENTERED AT TUMWATER, WASHINGTON, on this 26<sup>th</sup> day of December, 2002.

MIKE KREIDLER  
Insurance Commissioner

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William Kirby

Legal Affairs Division